



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE MATERIEL COMMAND
WRIGHT-PATTERSON AIR FORCE BASE OHIO

FEB 26 2003

MEMORANDUM FOR SEE DISTRIBUTION

FROM: HQ AFMC/PK
4375 Chidlaw Road, Room S208
Wright-Patterson AFB OH 45433-5006

SUBJECT: Amendment to Interim Award Fee Payments Policy

1. The purpose of this memorandum is to amend AFMC policy for interim award fee payments, AFMC/PK Policy Letter 2002-PK-004, 18 Jun 02, at <https://www.afmc-mil.wpafb.af.mil/HQ-AFMC/PK/pkp/polvault/06jun/02/020618.doc>. After careful review and feedback from the field, we have established that interim award fee payments may be used for Fixed Price Award Fee (FPAF) type contracts and Cost Plus Award Fee (CPAF) contracts with base fees. Previous guidance limited its use to CPAF with zero base fee. Expanding the use of interim award fee payments to all Award Fee type contracts will enhance our interim award fee payment policy goals: improve contractor cash flow, foster a healthy relationship with contractors, and further the benefits of the award fee incentive.

2. Please note the following changes to the interim award fee payments policy. These changes will be incorporated in the next revision of the AFMC Award Fee/Award Term Guide.

a. Paragraph 3, first sentence is changed from

"Contracting officers should use interim award fee payments judiciously with consideration given to any unusual cash flow concerns, the length of the evaluation period and only in CPAF contracts with zero base fee." to

"Contracting officers should use interim award fee payments judiciously with consideration given to any unusual cash flow concerns and the length of the evaluation period."

b. Paragraph 4, first sentence is changed from "CPAF contracts authorizing" to **"CPAF and FPAF contracts authorizing"**

3. Questions concerning this memorandum may be addressed to Major Raymond L. Reyes at DSN 986-0911, Commercial (937) 656-0911, or email Raymond.Reyes@wpafb.af.mil.

JEFFREY P. PARSONS
Colonel, USAF
Director of Contracting

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